

Lexcel Matters

Accredited
LEXCEL
LICENSED ASSESSMENT
BODY



JANUARY 2026

www.recognisingexcellence.co.uk/lexcel/



Attention COLPs and COFAs

Event: The LegalAdvantage Conference
12th November 2026 - Early Bird - Book Now

Recognising Excellence are delighted to partner with PDA Legal in association with the Best Practice Group to host Legal Advantage; a unique event to inform and support law firm leaders and managers on controls and best practice to manage risk and compliance.

It's more than just a conference. Much more...

Throughout the content rich day, legal sector experts will lead interactive sessions, workshops, panels and discussions to provide you with the latest insight to take back to your legal practice.

Sessions and topics will include: AML, SRA inspections, Lexcel, Artificial Intelligence, avoiding complaints, cybersecurity, law firm finance and more.

There's also networking and meeting spaces available across the day, where you can 'ask an expert'.

<https://www.recognisingexcellence.co.uk/legal-advantage-conference/>

LEGAL
ADVANTAGE 

ELEVATE BEST PRACTICE

The conference
for risk and
compliance leaders

£149.00 per delegate. This includes: Access to the sessions, access to speakers and experts throughout the day, lunch & refreshments.

Early Bird: Book your place before 1st April 2026 for the discounted price of £99.00.



Lexcel Matters

Recognising Excellence

Lexcel Scheme Rules: Mergers/Acquisitions, New Offices and Relocations

Over the past 12 months we have seen an increasing number of mergers/acquisitions and new offices opening amongst our Lexcel holders, as well as a growing number of office relocations. The information below is intended to assist you at the earliest opportunity and reinforce the requirements these scenarios have on your assessment process - *what do you need to do?*

Mergers/Acquisitions

New offices that have opened because of a merger/acquisition must undertake an Initial Assessment **within 4 months**.

Mergers/Acquisitions - Scenario 1 - Next Assessment is due

To help avoid any delays in the assessment process where a merger/acquisition has taken place, and to ensure your assessment runs seamlessly, please can you complete the Lexcel Application Form in full, particularly question 13 which relates specifically to mergers.

For mergers/acquisitions there is also a separate Lexcel Merger Notification Form, and both forms need completing and submitting to The Law Society (please copy in Recognising Excellence) at least 6 weeks before your planned assessment. Although The Law Society review each application on a case-by-case basis, in this scenario it is possible that the Initial Assessment required for a merger can be incorporated into your AMV or Full Reassessment.

Mergers/Acquisitions - Scenario 2 - Midway in your Assessment cycle

If you have only recently undertaken an assessment and/or your merger activity falls midway in your Lexcel assessment cycle, you should complete the Lexcel Merger Notification Form and submit it to the Law Society (please copy in Recognising Excellence). Any new offices that have opened as a result of a merger must undertake an initial assessment within 4 months. In this scenario an additional assessment is the likely outcome, after which your assessments will fall back into your regular assessment cycle.

Lexcel Matters

Recognising Excellence

Continued from previous page...

Providing Additional Information – How you can speed up the process

Taking the steps above will help expedite the assessment process. Applications are reviewed on an individual basis and assessed on the level of risk. When contacting The Law Society, it will be helpful for you to explain what changes have occurred as a result of the merger, for example, any differences in your people, systems, processes, or the services you provide. In addition, outline any changes to your Business Continuity, Health & Safety, Outsourcing, and Supervision arrangements.

New Offices and Relocations

Any new office/office relocations opened by a Lexcel accredited practice must undertake an Initial Assessment within 6 months of opening.

New Office/Relocation – Scenario 1 – Next Assessment is due

Although The Law Society do not have a Notification Form for New Offices/Relocations you are obligated to let them know as soon as possible so they can advise you as to what information they require. If the timing of opening your new office and/or office relocation falls within 6 months of your next assessment the Initial Assessment required can possibly be incorporated into your AMV or Full Reassessment.

New Office/Relocation – Scenario 2 – Midway in your Assessment cycle

If you have only recently undertaken an assessment and/or your new office opening/relocation occurs midway in your Lexcel assessment cycle, you should let The Law Society know as soon as possible so they can advise as to what information they require. Any new offices that have opened/relocated must undertake an initial assessment within 6 months. In this scenario an additional assessment is the likely outcome, after which your assessments will fall back into your regular assessment cycle.

Contact Details

·TLS office at lexcel@lawsociety.org.uk

·Emma & Liz at Recognising Excellence lexcelmatters@recognisingexcellence.co.uk

For Further Information please see the Lexcel Scheme Rules where the Merger Notification Form can also be found.

[Lexcel v6.1 Scheme Rules](#)

Lexcel Matters

Recognising Excellence

Future Treatment of Client Money Interest Assessing the impact of the MoJ's proposed reforms

Have  your say

Debate over the treatment of interest earned on client money continues to gather momentum. Following scrutiny by the Solicitors Regulation Authority last year, the Ministry of Justice (MoJ) has now proposed reforms that would materially alter how interest on lawyers' client accounts is allocated.

The MoJ has opened a consultation, running until 6th February 2026, on proposals to change the treatment of interest earned on client funds.

The proposals would see: 75% of interest earned on pooled client accounts and 50% of interest earned on designated client accounts redirected to the government.

Law firms would retain the remaining interest and would be expected to share that balance with their clients in a fair and transparent manner.

The MoJ has cited comparable arrangements in jurisdictions such as the United States and Canada, where interest on client funds is used to support legal aid and access-to-justice initiatives. However, unlike those schemes, the UK proposals do not include any requirement for the diverted funds to be ringfenced for a specific purpose. Instead, the government intends to retain discretion to allocate the funds across the justice system as it sees fit.

Why this matters

These proposals represent a substantive shift rather than a technical adjustment. They would affect how client money is held, the protections available to clients, and the financial and operational position of law firms across the sector.

Lexcel Matters

Recognising Excellence

Continued from previous page...

Impact

Clients:

- Less-protected arrangements may increase financial risk.
- Trust and solicitor-client relationships could be strained.
- Transactions may be delayed or restructured.

Law Firms:

- Higher administrative and compliance burden.
- Reduced interest income adds financial pressure.
- Complex rules increase risk of error and non-compliance.

Alternative approaches

The consultation invites consideration of whether there are more proportionate and effective ways to deal with interest on client funds. There may be models that better balance access-to-justice objectives with client protection, professional obligations, and the sustainability of legal practices.

Make your voice heard

This consultation will directly inform future policy. Its outcome will be shaped by the quality and breadth of responses received from those with practical experience of managing client money.

Law firms are well placed to explain how these proposals would operate in practice and to articulate their real world consequences for clients, firms, and the wider justice system.

If this issue affects your practice, engagement is essential.

These proposals are not simply about additional regulation or rising overheads. They have clear financial implications for clients and structural implications for the profession. It is important that the Ministry of Justice fully understands those consequences before any changes are implemented.

The consultation closes on 6th February 2026.

MoJ consultation:

<https://www.gov.uk/government/consultations/interest-on-lawyers-client-accounts-scheme/interest-on-lawyers-client-accounts-scheme>

Further reading (Law Society):

<https://www.lawsociety.org.uk/topics/client-care/interest-on-lawyers-trust-accounts>

How Gemstone Legal Can Help

At Gemstone Legal, we help law firms generate income from client funds while navigating regulatory and operational complexity. Our expertise in this area is unmatched, with clients recognising our proven track record. If you want to discuss your client account arrangements in light of the proposed reforms, please book a consultation today:

Schedule a Call: <https://calendly.com/gemstonelegal/my-client-money-options>

GEMSTONE LEGAL
Finance & risk management for the legal sector

Lexcel Matters

Recognising Excellence

Your Feedback Rewarded...

Congratulations to **Jane Lawson of BRR Law**, the winner of our Christmas Hamper Prize Draw! The draw was held among firms who took the time to complete and return their feedback questionnaire, offered as a small incentive to thank you for sharing your valuable insights with us. We truly appreciate the feedback we receive, as it helps us continue to improve and develop our services for the Lexcel community.

Well done to Jane and BRR Law, and thank you to all the firms who participated.



The inclusion of any organisations, or services within this newsletter is intended solely for informational purposes. Recognising Excellence does not assume any responsibility for the entities featured. Readers are encouraged to conduct their own research and make independent decisions based on their own judgment and discretion before engaging with any organisation or service mentioned herein.



liz.morris@recognisingexcellence.co.uk

emma.westbury@recognisingexcellence.co.uk

Thank you for your continued business, see you in the next edition...

Liz & Emma